



Project Development Inter-Office Memo

To: Project Managers
Pre Construction Engineers
Region Directors

From: Bob Westover, Innovative Contracting Engineer
Construction Division

Date: November 3, 2005

Re: Project Insurance Option – OCIP/Contractor Supplied

Several months ago a QIT was formed to investigate additional opportunities to receive the best value on contracts by allowing contractors to choose to enroll in OCIP or provide their own coverage limits as specified in the contract. The QIT has had involvement from several Divisions within the Department, including the Region Construction Engineers and with the contracting community. The QIT also consulted with the contracting community as the work progressed. As a result, we have decided to try this idea. After a period of time, it will be evaluated to see if the desired benefits are obtained.

Projects with a contract value of \$3 million or less are not eligible for OCIP. Since occasionally the low bid is significantly below the Engineer's estimate, only contracts with an Engineer's estimate greater than \$4 million dollars shall include the option for a contractor to choose either OCIP or Contractor supplied insurance. This will be done on projects meeting the above criteria, submitted for advertising after November 15, 2005, by adding alternate bid items to the Engineers Estimate in PDBS under the Innovative Contracting detail as described in the attached instructions. Contact Thomas LeHolm, 801-965-4344, or email; [tleholm@utah.gov](mailto:tleholtm@utah.gov) if you have any questions.

If the contractor chooses to enroll in OCIP, the contractor will enter a value equal to 3% of the Contractor's total bid in the OCIP line item. This will be used for determination of low bid only. This will not be a pay item and will not be considered as part of the project budget for comparison against the commission approved funding. Contingency in the project budget will not be required for this item. The assumption is that if a contractor chooses to enroll in OCIP, the overall costs of the project will be less than it would have been if the contractor provided his own insurance. This reduction in the bid can be used to fund the OCIP.

Cc: Carlos Braceros
Jim McMinnimee
Stan Burns
Darrell Gianonnatti
Warren Grames
Thomas LeHolm

**PDBS Instruction for
Alternate Bid Option
OCIP vs. Contractor Supplied Insurance**

1. Select 109- INNOVATIVE CONTRACTING Detail for Alternate Bid # 1. You can leave the 'Description' column blank if you want. If you do use a Description, both Alternate Detail Descriptions must be the same.
2. Enter Alt. Bid Grp # 1 & Alt. Bid #1
3. Enter Item from lookup table and modify Item Description for Project Insurance – Contractor Supplied.
4. Enter Unit Price of \$1.00
5. Select 109- INNOVATIVE CONTRACTING Detail for Alternate Bid # 2.
6. Enter Alt. Bid Grp #1 & Alt. Bid #2
7. Enter Item from lookup table and modify Item # (increase by 1) and Item Description; Project Insurance – OCIP.
8. Enter Unit Price of \$1.00

Select Project

ZZZ-READVERTISE

Version 1: All Editing Rights

Estimate Setup

Detail	Description	Alt Bid Grp #	Alt Bid #	Funding	Total
76 - MISC NON-BID	INCENTIVES	0	0		\$5,000.00
77 - MISC NON-BID: UDOT CONT		0	0		\$1,000.00
95 - CONSTRUCTION ENGINEERING		0	0		\$15,000.00
97 - PRELIMINARY ENGINEERING		0	0		\$11,000.00
109 - INNOVATIVE CONTRACTING	Alternate Bid item	1	1		\$1.00
109 - INNOVATIVE CONTRACTING	Alternate Bid item	1	2		\$0.00

Item #	Description	Qty	UOM	Lump Qty	Lump Uom	Unit Price	Extended Price
00221000*	Project Insurance - Contractor Supplied	1	Lump	.0		\$1.00	\$1.00

Select Project

ZZZ-READVERTISE

Version 1: All Editing Rights

Estimate Setup

Detail	Description	Alt Bid Grp #	Alt Bid #	Funding	Total
76 - MISC NON-BID	INCENTIVES	0	0		\$5,000.00
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97 - PRELIMINARY ENGINEERING		0	0		\$11,000.00
109 - INNOVATIVE CONTRACTING	Alternate Bid item	1	1		\$1.00
109 - INNOVATIVE CONTRACTING	Alternate Bid item	1	2		\$0.00

Item #	Description	Qty	UOM	Lump Qty	Lump Uom	Unit Price	Extended Price
00221001*	Project Insurance - OCIP	1	Lump	.0		\$1.00	\$1.00

Engineer's Estimate Report		Engineer's Estimate Funding	
Engineer's Estimate (Innovative Contracting) Utah Department of Transportation			
Project Number: ZZZ-READVERTISE		Road Length: mi	
Name of Project: READVERTIZED PROJECT DUMMY PLACE HOLDER		Pavement Surface Width: ft	
Version #: 1		Route: 0999	
County: SALT LAKE		Ref Post Begin: 0+0.00	
Region: REGION 2		Ref Post End: 0+0.00	
Unit of Measure: CSI - INCH/POUND		Designed By:	
Concept: SEE ORIGINAL PROJECT		Checked By:	
		Bid Open Date: 08/16/2005	
Detail	Alt Group	Alt #	Description
109 - INNOVATIVE CONTRACTING	1	1	Alternate Bid item
Number	Item Number	Description	Quantity Unit Unit Price Amount
15	00221000*	Project Insurance - Contractor Supplied	1 Lump \$1.00 \$1.00
			Subtotal: \$1.00
Detail	Alt Group	Alt #	Description
109 - INNOVATIVE CONTRACTING	1	2	Alternate Bid item
Number	Item Number	Description	Quantity Unit Unit Price Amount
16	00221001*	Project Insurance - OCIP	1 Lump \$1.00 \$1.00
			Subtotal: \$1.00
Funding:			
Contract Amount(Excluding Innovative Contracting):			\$102,789.50
Subtotal (Contract Amount):			\$102,789.50

The Advertising Section will add a ****Note**** to the Cover page notifying the Contractor of the Special Bidding Instructions contained in Special Provision 00820M. The new 00820M special must be included in the contract documents. The UDOT OCIP General Conditions is added by reference; 00820M Section 1.2(C), and can be found on our website; <http://www.dot.utah.gov/index.php?m=c&tid=333> or via a link on the Standards Webpage 2005 Special Provision references at; <http://www.udot.utah.gov/index.php/m=c/tid=719> Additional coverage identified through a Risk Assessment would need to be added under Alternate #1 of the 00820M special.

SPECIAL PROVISIONS & SUPPLEMENTAL SPECIFICATIONS

CSI-Inch/Pound

Project No:	ZZZ-READVERTIZE
Name:	READVERTIZED PROJECT DUMMY PLACE HOLDER
	SEE ORIGINAL PROJECT
County:	SALT LAKE
Bid Opening:	August 16, 2005
	Date

*****IMPORTANT*****
SPECIAL BIDDING INSTRUCTIONS CONCERNING PROJECT INSURANCE
COVERAGE IS INCLUDED IN SPECIAL PROVISION 00820M - LEGAL RELATIONS
AND RESPONSIBILITY TO THE PUBLIC. PLEASE READ VERY CAREFULLY
BEFORE SUBMITTING YOUR BID.



Contractors EBS: The Contractor will enter a value in one of the Alternates.

Example: Contractor selected Alt. 2 – OCIP; entering 3% of Total Bid (A amount; \$136,370.00) per Special Provision 00820M.

UDOT Electronic Bid System: Program Version 5.04 - Brinkerhoff Excavating - ZZZ-READVERTIZ

Project DBE Profile Bid Bidders List Transmit Bid Web Window Help

Project Ilo ZZZ-READVERTIZE **Bid Item Version#** 1 **Bid Date** 09/16/2005
Name READVERTIZED PROJECT DUMMY PLACE HOLDER
Concept SEE ORIGINAL PROJECT
Project DBE Goal N/A

Unit Price Entered		No Unit Price Entered		Alt. Item - Editable		Alt Item - No Edit		Fixed Price Item	
				Total Bid		\$140,461.10			
Item Ilo.	Unit	Quantity	Unit Price	Unit Price * Qty					
13	Underdrain Granular Backfill	ton	200	\$21.00	\$4,200.00				
14	Geotextiles - Drainage	square yard	200	\$235.00	\$47,000.00				
Subtotal 10 - ROADWAY						\$136,370.00			
109 - INNOVATIVE CONTRACTING - Alternate Group 1									
Description: Alternate Bid item									
15	Project Insurance - Contractor Supplied	jump sum	1	\$0.00	\$0.00				
16	Project Insurance - OCIP	jump sum	1	\$4,091.10	\$4,091.10				
Subtotal 109 - INNOVATIVE CONTRACTING - Alternate Group 1						\$4,091.10			
A: Total Bid (Excluding Innovative Contracting)						\$136,370.00			
B: Innovative Contracting						\$4,091.10			
Total Bid for Award Consideration						\$140,461.10			

Special Provision

Project #

SECTION 00820M

LEGAL RELATIONS AND RESPONSIBILITY TO PUBLIC

Delete Article 1.2 replace with the following:

1.2 REFERENCES

- A. OSHA Safety and Health Regulations for Construction
- B. UDOT Construction Safety and Health Manual
- C. UDOT Owner Controlled Insurance Program (OCIP)
- D. U. S. Code of Federal Regulations

Delete Article 1.16 and replace with the following:

1.16 INSURANCE REQUIREMENTS:

For projects where the Engineers Estimate is equal to or greater than \$4,000,000 and the ability to select an alternate is provided for in the electronic bid file, the Contractor may bid one of two insurance alternates allowed in these bid documents. Alternate #2 is not applicable on projects where the Engineers Estimate is less than \$4,000,000.

Alternate #1:

Provide insurance per the requirements listed in this section. Include cost for such insurance in the contractors bid prices. When provided for in the electronic bid file, selection of this alternate is indicated by entering \$1.00 in the unit price field for the Contractor supplied insurance bid item.

- A. Workers' Compensation Insurance
 - 1. Provide Workers' Compensation Insurance to cover full liability. As a minimum, comply with the statutory limits defined by the State of Utah.
- B. General Liability Insurance
 - 1. Provide General Liability insurance with the following minimum limits of liability:
 - a. \$1,000,000 Bodily Injury and Property Damage – Each Accident
 - b. \$2,000,000 General Aggregate

- c. \$2,000,000 Products and Complete Operations Annual Aggregate
- C. Excess General Liability Insurance
 - 1. Provide Excess Liability Insurance with the following minimum limits:
 - a. \$5,000,000 Each Claim
 - b. \$5,000,000 Aggregate
- D. Automobile Liability Insurance
 - 1. Provide Automobile Liability Insurance for claims arising from the ownership, maintenance, or use of motor vehicles involved in project work with the following minimum limits:
 - a. \$1,000,000 Combined single Limit Bodily Injury and Property Damage per Occurrence
- E. Provide the following for all required liability insurance policies:
 - 1. Where and when applicable, name as insured, only in respect to work to be performed under this Contract, the State of Utah and all institutions, agencies, departments, authorities, and instrumentalities, and while acting within the scope of their duties, all volunteers as well as members of governing bodies, boards, commissions, and advisory committees.
 - 2. Coverage for the above insured is primary and not contributing.
 - 3. Incorporate into the insurance policy this statement: "Insurance coverage is extended to include claims reported up to one year beyond the date of substantial completion of this Contract."
- F. Provide UDOT with certificates of insurance showing coverage as required above at the time the contract is executed and maintain the policy in force during the entire period of the Contract. The certificates will also state that the policies required are endorsed to give UDOT (the Engineer) not less than 30 days prior notice in the event of cancellation or change in coverage.
- G. Regardless of the Contractor insurance requirements required in this section, insolvency, bankruptcy, or failure of any insurance company to pay all claims accrued does not relieve Contractor of any obligations.
- H. Endorse all policies to include waivers of subrogation in favor of UDOT.

Alternate #2

The Contractor may elect to participate in the UDOT Owner Controlled Insurance Program (OCIP). If the Contractor selects the OCIP Alternate, insurance will be furnished at no cost to the Contractor. However, for bid comparison purposes, contractors that select the OCIP Alternate must calculate 3% of the total bid price and enter that amount into their bid by inserting the 3% amount into the unit price

field for the OCIP Alternate insurance bid item. Failure to do so will result in the bid being declared non-responsive.

- A. OCIP Alternate: Refer to OCIP General Conditions for coverage limits and conditions.

General Conditions For

UDOT OWNER CONTROLLED INSURANCE PROGRAM (OCIP)

1. The Utah Department of Transportation (UDOT) will implement an Owner Controlled Insurance Program (OCIP) on this project. Awarded Contractor is responsible for enrollment and compliance with all OCIP requirements for itself and all enrolled Subcontractors of all tiers. Subcontractors, whenever referred to in these documents, shall include all Consultants and Sub-consultants to the Contractor. The OCIP requirements are not intended to create any contract between the Subcontractors and the Owner. The Contractor shall be responsible to enforce any OCIP provisions that relate to Subcontractors. The OCIP will minimally provide workers' compensation, employer's liability, general liability, contractors pollution liability, railroad protective (as required), excess liability and builders risk for all eligible Contractors of every tier enrolled in the OCIP and performing work at the project site. The OCIP will also include professional errors and omissions liability for enrolled architects and engineers. UDOT agrees to pay all premiums associated with the OCIP including deductibles or self-insured retentions unless otherwise stated in the contract documents.

Awarded Contractor and eligible Subcontractors of all tiers will not be allowed to work without enrolling in the OCIP.

- 1.1 Carriers in Program.
Workers Compensation, Employers Liability: **American Zurich Insurance Company**
General Liability: **Zurich American Insurance Company**
Contractor Pollution Liability: **American International Specialty Lines Ins. Co.**
Professional Architects and Engineers Errors and Omissions: **DPIC**
Excess Coverage: **Underwriters at Lloyds of London**
Railroad Protective: **London**
Builders Risk: **Zurich American Insurance Company**
2. No insurance coverage provided by UDOT under the OCIP shall extend to the activities or products of suppliers, materialmen, vendors, haulers, truckers and "owner/operators", whose employee(s) perform no on-site work or are engaged solely in the loading, unloading, stocking, testing or hauling of equipment, supplies or materials. Such persons shall be required to provide their own insurance. Ineligible and eligible Contractors shall be required to maintain their own insurance of the types and with the limits as set forth in paragraph 14 with such coverage recognizing UDOT's project sites, at their own expense, and shall promptly furnish UDOT certificates of insurance giving evidence that all required insurance is in force.
3. Contractor shall enroll in the OCIP by completing the attached OCIP Enrollment Form and submit it to UDOT along with required certificate, per Paragraph 15 at the time it returns the executed contract to UDOT or prior to commencement of any work, whichever occurs first.

The Contractor shall require that each of its eligible Subcontractors of every tier enroll in the OCIP by submitting the OCIP Enrollment Form to the UDOT Resident Engineer **prior** to the Subcontractor entering the project site. By submitting this enrollment form and required certificate to the UDOT Resident Engineer, Contractor warrants that all insurance information is correct. (See Paragraph 15.1)

4. **It is understood and agreed that UDOT is providing designated insurance coverages, as identified in Paragraph 9, to enrolled contractors/subcontractors. All Costs associated with said coverage is paid for by UDOT.** Regardless of this transaction, all eligible contractors or subcontractors must enroll in the OCIP for insurance coverage to apply. Any eligible contractors/subcontractors who begin work without completing the enrollment process will have their work stopped and/or be removed from the site until the enrollment requirement is satisfied. The General Contractor will be held solely and individually responsible for the timely enrollment of all eligible subcontractors of all tiers. Failure to do so will result in the General Contractor being issued a notice of non-compliance of the provision of the contract and work may be stopped, at the expense of the General Contractor, until compliance with this requirement is met.

5. The Contractor's bid is deemed to exclude conventional insurance costs for the OCIP coverages identified in Paragraph 9. Further, Contractor is instructed to advise contractor's conventional insurance carriers to exclude OCIP project from their own policy, as per Paragraph 14.1..

6. An auditor or auditors from the insurance companies providing OCIP coverage will perform a payroll and contract revenue audit of each enrolled Contractor after UDOT's Resident Engineer submits notice to Willis of each contractor's completion of work.

7. **Contractor's Responsibility for its Subcontractors**

Contractor shall include all of the provisions of this agreement in every Subcontract so that such provisions will be binding upon each of its OCIP eligible Subcontractors.

8. **Audit of Contractor's payroll**

For insurance carrier purposes, enrolled Contractor agrees, and will require all tiers of enrolled Subcontractors to agree, to keep and maintain accurate record of its payroll for operations at the project site. These Contractors and Subcontractors further agree to furnish to the State, its appointed Administrator (Willis of Utah) or Insurance Carrier full and accurate payroll data and information in accordance with the requirements of the UDOT OCIP. Enrolled Contractor/s shall permit UDOT, its Administrator or Insurance Carrier to examine and/or audit its books and records. Enrolled Contractor/s shall also provide any additional information to UDOT or its appointed Administrator as may be required.

9. **Coverage provided in OCIP**

- 9.1 UDOT, at its sole expense, has implemented this Owner controlled insurance program (OCIP) to furnish certain insurance coverage as respects on-site project

activities. The OCIP will be for the benefit of UDOT and its enrolled Contractors and Subcontractors of all tiers (unless specifically excluded) who have on-site employees. Such coverage applies only to work performed under this contract at the Project Site. Project Site is defined as the area described in the construction contract documents including the areas available for Contractor operations, access routes, right-of-ways, and approved additional sites necessary or incidental thereto in connection with the work or emanating from the project site. Contractor and Subcontractors of all tiers must provide their own insurance for off-site activities. Off-site activities may be covered in the OCIP if 100% dedicated to the project as defined in the Utah Department of Transportation OCIP Manual.

The OCIP policies are available for review by the Contractor upon request to UDOT. The terms of such policies or programs, as such policies or programs may be from time to time amended, will be incorporated by reference herein. The Contractor hereby agrees to be bound by the terms and conditions of coverage as contained in such insurance policies and/or self-insurance programs.

- 9.2 UDOT will minimally provide and maintain in force the types of insurance as listed below. Enrolled Contractors and Subcontractors of all tiers agree that the purpose of said section is to provide a general understanding of the coverage provided by the OCIP.

While the OCIP is intended to provide broad coverages and high limits, the OCIP is not intended to meet all the insurance needs of a contractor/subcontractor. Each contractor/subcontractor is responsible to assure that other proper coverages are maintained, see Paragraph 17.

- 9.3 Withholding from Contract Sum.

The enrolled Contractor agrees that UDOT will withhold from the Contractor a sum equal to the amount of any covered loss under the policies caused by the Contractor or its enrolled Subcontractor(s), but not to exceed the applicable Contractor/Subcontractor assessment as stated herein. That sum shall be assessed to the enrolled Contractor or Subcontractor causing the damage as determined by the Insurer and shall become the property of UDOT.

9.4 **Workers' Compensation and Employer's Liability Insurance**

9.4.1 Scope of Coverage

- | | | |
|----|-------------|-----------------------------------------------------------------------------------------------------------------------|
| A. | Operations. | Work of any enrolled Contractor, Subcontractor of any tier, performed at the Project Site. |
| B. | Insured. | Enrolled Contractor and Subcontractors of any tier. (Each enrolled Contractor/Subcontractor will be issued a policy.) |
| C. | Limits. | |
| | 1. | Workers' Compensation-Statutory |
| | 2. | Employer's Liability |
| | | \$1,000,000 - Each Employee |
| | | Bodily Injury by Accident |
| | | \$1,000,000 - Each Employee |
| | | Bodily Injury by Disease |
| | | \$1,000,000 - Bodily Injury |

by Accident or Disease – Any One
Accident

- D. Contractors' Assessment.
\$200 deductible per claim or the actual cost of the claim, whichever
is less, will be assessed.

9.4.2 Effect on Future Experience Modifications.

All premiums and loss experience incurred by each enrolled Contractor/
Subcontractor will be reported to NCCI or other appropriate authority, and
used in the normal manner for calculating individual future experience
modifiers.

9.5 **Commercial General Liability**

Provides coverage for Bodily Injury, Property Damage, Personal Injury, and
Products and Completed Operations (Completed Operations has a 5-year extension).

9.5.1 Scope of Coverage

- | | | |
|----|-------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| A | Operations. | Work of any enrolled Contractor, Subcontractor of
any tier performed at the Project Site. |
| B. | Insureds. | UDOT, State of Utah, enrolled Contractors and
Subcontractors of all tiers. |
| C. | Limits. | \$2,000,000 Bodily Injury & Property Damage
Combined Single Limit
\$10,000,000 General Aggregate
\$ 6,000,000 Products and Completed
Operations Aggregate |
| D. | Contractors' Assessment | \$5,000 deductible per claim or the
actual cost of the claim, whichever
is less, will be assessed. |

9.6 **Railroad Protective (as required)**

Liability coverage for railroad companies.

9.6.1 Scope of Coverage

- | | | | |
|----|-------------------------|-------------------------------------------------------------------------------|-----------------|
| A. | Operations. | Work of any enrolled Contractor, Subcontractor performed on the Project Site. | |
| B. | Insured. | All railroads affected. | |
| C. | Limits. | \$5,000,000 | Each Occurrence |
| | | \$10,000,000 | Aggregate |
| D. | Contractor's Assessment | None | |

9.7 **Excess General Liability Insurance**

Liability coverage in excess of Primary Commercial General Liability, Employer's Liability and Railroad Protective Liability.

9.7.1 Scope of Coverage

- | | | | |
|----|-------------------------|--------------------------------------------------------------------------------------------|----------------------------------|
| A. | Operations. | Work of any enrolled Contractor, Subcontractor of any tier, performed at the Project Site. | |
| B. | Insured. | UDOT, State of Utah, enrolled Contractors and Subcontractors of all tiers. | |
| C. | Limits. | \$50,000,000 | Each Occurrence for all Insureds |
| | | \$50,000,000 | Aggregate for all Insureds. |
| D. | Contractor's Assessment | None | |

9.8 **Professional Errors & Omissions Liability**

Liability coverage for Negligent Acts, Errors or Omissions of the Insureds who have provided professional services for the UDOT OCIP.

9.8.1 Scope of Coverage

- | | | | |
|----|-------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| A. | Operations. | Work done in conjunction with the UDOT OCIP by Design and Consulting Engineers, Architects, Construction Managers and Sub-consultants. | |
| B. | Insured. | UDOT (as defined in policy), State of Utah, enrolled Design and Consulting Engineers, Architects, Construction Managers, Subconsultants and Contractors, to the extent they provide professional services. | |
| C. | Limits-Project Term. | \$25,000,000 | Claim |
| | | \$50,000,000 | Aggregate |
| D. | Consultant's Assessment | \$50,000 per claim | |

9.9 **Contractors Pollution Liability**

Coverage for Liability arising from pollution releases during construction or remediation work.

9.9.1 Scope of Coverage

- | | | |
|----|-------------------------|-----------------------------------------------------------------------------------------------------|
| A. | Operations. | Work done in conjunction with the UDOT OCIP by enrolled Contractors and Subcontractors of any tier. |
| B. | Insured. | UDOT, State of Utah, enrolled Contractors/Subcontractors of any tier. |
| C. | Limits - Project Term. | \$10,000,000 Occurrence
\$10,000,000 Aggregate |
| D. | Contractors' Assessment | \$5,000 per occurrence |

9.10 **Builders' Risk**

All Risk coverage to protect against physical loss or damage to work or any part thereof of, including transit.

9.10.1 Scope of Coverage

- | | | |
|----|-------------------------|------------------------------------------------------------------------------------------------------|
| A. | Operations. | Work done in conjunction with the UDOT OCIP by enrolled Contractors and sub-contractors of any tier. |
| B. | Insured. | UDOT, State of Utah and enrolled Contractors/subcontractors of any tier. |
| C. | Limits. | \$50,000,000 occurrence
\$25,000,000 flood &
earthquake/occurrence |
| D. | Contractor's Assessment | \$25,000 per occurrence |

10. **Certificates and Policies**

All UDOT furnished insurance coverage shall be either written by insurance companies approved by UDOT or shall be self-insured. UDOT or appointed Administrator (Willis of Utah) shall provide Contractors and Subcontractors with appropriate certificates of insurance or self-insurance evidencing the coverage outlined above.

11. **Termination/Modification of the OCIP**

UDOT reserves the right to terminate or to modify the OCIP or any portion thereof. To exercise this right, UDOT shall provide ninety (90) days advance written notice to all prime or general Contractors covered by the OCIP. Contractors and Subcontractors of all tiers shall immediately be required to obtain appropriate replacement insurance coverage acceptable to UDOT. The reasonable cost of such replacement insurance will be reimbursed by UDOT. Written evidence of such insurance shall be provided to UDOT prior to the effective date of the termination or modification of the OCIP.

12. Contractor Responsibilities

12.1 The Contractor is required to cooperate with UDOT and its OCIP Administrator (Willis of Utah) with regards to the administration and operation of the OCIP. The Contractor's responsibilities shall include, but are not limited to:

- 12.1.1 Complying with the terms and conditions of Construction Safety Program(s); UDOT OCIP Manual, and UDOT Construction Safety and Health Manual, as outlined in said manuals;
- 12.1.2 Complying with provisions of the contract, operations and insurance information;
- 12.1.3 Immediately notifying UDOT of all eligible Subcontractors of all tiers upon contract award, and upon satisfactory completion of work; as per Paragraph 3.
- 12.1.4 Maintaining and providing of payroll records and other records as necessary for NCCI reporting;
- 12.1.5 Cooperating with any insurance company and OCIP Administrator (Willis of Utah) with respect to requests for claims, payroll or other information required under the program;
- 12.1.6 Immediately notifying UDOT that any Contractor provided coverage has been canceled, materially changed, or not been renewed; and,
- 12.1.7 Completing and submitting the following administrative form within the time frames specified, as per Paragraph 3:

Contractor: OCIP Enrollment Form upon execution of the contract; including Certificate of Insurance as per Section 15

Subcontractor: OCIP Enrollment Form and required certificate will be sent to UDOT's Resident Engineer assigned to project, as an attachment to subcontract agreement.

12.2 Failure to follow the procedures outlined in the UDOT OCIP Manual and UDOT Construction Safety and Health Manual may result in forfeiture of coverage, fines and or penalties assessed against the Contractor. UDOT shall deduct from monies due or to become due, **under payments section of its contract**, for any applicable fines or penalties that are assessed as well as any other legal remedies available to owner, which remedies may be cumulative.

13. **Assignment of Return Premiums**

UDOT will be responsible for the payment of all premiums associated solely with the OCIP and will be the sole recipient of any dividend(s) and/or return premium(s) generated by the OCIP. In consideration of UDOT providing said coverage the enrolled Contractor and Subcontractors agree to:

- 13.1 Irrevocably assign to and for the benefit of UDOT, all return premiums, premium refunds, premium discounts, dividends, retentions, credits, and any other monies due UDOT in connection with the insurance which UDOT herein agrees to provide, and agrees to evidence same by a formal instrument of assignment, if requested, to be promptly executed in the form prepared by UDOT.
- 13.2 Contractor further agrees to require all tiers of enrolled Subcontractors to execute a similar assignment for the benefit of UDOT.

14. **Contractor-Provided Coverage (Contractor still required to provide following coverage even if OCIP provides coverage)**

- 14.1 For any work under this contract, and until completion and final acceptance of same, the Contractor, at its own expense, must promptly furnish to UDOT certificates of insurance giving evidence that certain coverages are in force. Contractor is responsible for compliance under this program for Subcontractors of all tiers.

Enrolled Contractors/Subcontractors shall cause their Workers' Compensation and Employer's Liability policy to be endorsed with Designated Workplace Exclusion Endorsement (**see appendix A**) and its Commercial General Liability Policies to be endorsed with an Exclusion - Designated Work Endorsement (**see appendix B**) to exclude operations on Project Site from its coverage.

- 14.2 **Prior to entrance on Project Site**, Contractor agrees, and shall cause its Subcontractors of all tiers to agree to obtain the insurance set out in this exhibit from a company or companies acceptable to UDOT as follows:

14.2.1 **Workers Compensation Insurance**

Contractor agrees, and shall cause its Subcontractors of all tiers to agree, to provide at their own expense, Workers' Compensation Insurance to cover full liability under the Workers' Compensation Laws of the jurisdiction in which the Project is located at the statutory limits required by said jurisdiction's laws.

14.2.2 **Employer's Liability Insurance**

Contractor agrees, and shall cause its Subcontractors of all tiers to agree to provide, at their own expense, Employer's Liability Insurance with the following minimum limits of liability:

\$100,000 Each Accident
\$500,000 Disease-Policy Limit
\$100,000 Disease-Each Employee

14.2.3 Commercial General Liability Insurance

Contractor agrees, and shall cause its Subcontractors of all tiers to agree, to provide, at their own expense, Commercial General Liability Insurance, on an "occurrence basis", including insurance for operations, independent Contractors, products/completed operations, and contractual liability specifically designating the Indemnity provisions of this Contract Agreement as an insured contract on the Certificate of Insurance. Such Commercial General Liability Insurance must be endorsed with a Broad Form Property Damage Endorsement (including Completed Operations) and afford coverage for explosion, collapse and underground hazards.

The insurance required by this paragraph 14.2.3 shall be in limits not less than the following:

\$2,000,000	General Aggregate
\$1,000,000	Products-Completed Operations Aggregate
\$1,000,000	Personal & Advertising Injury
\$1,000,000	Each Occurrence
\$50,000	Fire Damage (Any one fire)
\$5,000	Medical Expense (Any one person)

Said certificate shall state that the policy required by paragraph 14.2.3 has been endorsed to name UDOT and State of Utah as an Additional Insured. See items 15.2, 17.2 and 19 for Waiver of Subrogation requirement.

14.2.4 Automobile Liability (Insurance coverage not provided in OCIP)

Contractor agrees, and shall cause its Subcontractors of all tiers to agree, to provide, at their own expense, Automobile Liability Insurance for claims arising from the ownership, maintenance, or use of a motor vehicle at, upon, or away from the Project Site. The insurance shall cover all owned, non-owned, and hired automobiles used in connection with the work, with the following minimum limits of liability:

\$1,000,000	Combined Single Limit Bodily Injury and Property Damage Per Occurrence
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Said certificate shall state that the policy required by paragraph 14.2.4 has been endorsed to name UDOT and the State of Utah as an Additional Insured.

14.2.5 Aircraft Liability (Insurance coverage not provided in OCIP)

Contractor and Subcontractors of all tiers using its own aircraft, or employing aircraft in connection with the work performed under this Program shall maintain Aircraft Liability Insurance with a combined single limit of not less than \$1,000,000 per occurrence.

Said certificate shall state that the policy required by paragraph 14.2.5 has been endorsed to name UDOT and the State of Utah as an Additional Insured.

14.2.6 Valuable Papers and Records and/or Electronic Data Processing (Data and Media) Coverage (Insurance coverage not provided in OCIP)

The Contractor and Subcontractors of all tiers shall provide coverage for the physical loss of or destruction to their work product including drawings, specifications, and electronic data and media if needed.

15. Certificates of Insurance

- 15.1 Prior to entrance on the Project Site, Contractor agrees, and shall cause its Subcontractors of all tiers to agree, to provide to UDOT's Resident Engineer a Certificate of Insurance setting out coverage described herein, limits and amendments to the certificate necessitated by changes to the work to be performed under the contract until the date of final payment.

Said certificate shall state that the policies required have been endorsed to provide that the insurers issuing said policies shall give UDOT and the State of Utah not less than thirty (30) days prior written notice in the event of cancellation or change in coverage thereunder.

- 15.2 All policies required shall be endorsed to include Waiver of Subrogation in favor of UDOT and the State of Utah.

- 15.3 All insurance required shall be maintained without interruption from the date of commencement of the work throughout the warranty period as scheduled in the Contract Agreement.

- 15.4 All insurance policies provided shall be primary and non-contributing with, and not in excess of, any other insurance available to UDOT.

- 15.5 UDOT will forward such certificate to the OCIP Administrator (Willis of Utah) at the following address.

Willis of Utah
Attn: OCIP Administrator
2890 East Cottonwood Parkway, Suite 350
Salt Lake City, UT 84121

16. Notice of Cancellation

Policies and/or certificates shall specifically provide a 30-day notice of cancellation, non-renewal or material change to be sent to the UDOT Resident Engineer. UDOT will forward such notice to the OCIP Administrator at the aforementioned address.

17. OCIP and Other Insurance

- 17.1 Any type of insurance or any increase of limits of liability not described above which a Contractor requires for its own protection or on account of any statute shall be its own responsibility and its own expense.

The OCIP is not an attempt to provide the Contractor and enrolled Subcontractors of all tiers with complete insurance programs. UDOT shall not be responsible to provide any insurance coverage not specified above.

The Contractor and its Subcontractors of all tiers have the responsibility to make sure their insurance programs fit their particular needs, and it is their responsibility to arrange for and secure any insurance coverage, which they deem advisable, whether or not specified above.

- 17.2 Also, any fees, costs or charges related to requirements of the OCIP are to be borne by the contractor; ie, Additional Insured endorsement, Waiver of Subrogation etc.

18. **Subcontractor Participation**

The Contractor shall incorporate all the provisions of this agreement in any Subcontractor agreement and shall cause its Subcontractors to cooperate fully with UDOT and insurance companies for the project in the administration of the OCIP. The Contractor and all Subcontractors agree to cooperate in the safety and accident prevention program and claim handling procedures as established for the project by UDOT. **In accordance with this paragraph and subparagraphs, Contractor shall not permit any eligible Subcontractor of any tier to enter the Project Site prior to enrolling in UDOT's OCIP; failure to do so will negate the afforded coverage(s).**

19 **Waiver of Subrogation**

Contractor waives all rights of Subrogation and recovery against UDOT and State of Utah, its designees(s), Construction Managers, General Contractors and Subcontractor(s) of all tiers to the extent of any loss or damage that is insured under the OCIP. Contractor waives its rights of Subrogation and recovery for damage to any property or equipment against UDOT and State of Utah, its designees(s), Construction Managers, General Contractors and Subcontractor(s) of all tiers. Contractor shall require all Subcontractor(s) to similarly waive their rights of Subrogation and recovery in each of their respective construction contracts with respect to their work.

20. **No Release**

The carrying of the above-described insurance shall in no way be interpreted as relieving the Contractor of any other responsibility or liability under this agreement or any applicable law, statute, regulation or order.

21. **Approval of Forms and Companies**

All contractor provided insurance described in this contract shall be written by an insurance company or companies satisfactory to UDOT and licensed to do business in Utah and shall be in a form and content satisfactory to UDOT. Insurance must be placed with carriers having a Best's Guide Rating of A-VII or better. No party subject to the provisions of this contract shall violate or knowingly permit to be violated any of the provisions of the policies of insurance described herein.

22. **OCIP Manual, UDOT Construction Safety and Health Manual and Claims Procedures**

The Contractor agrees, and shall cause its Subcontractors of all tiers to agree, to adhere to and perform all reporting and administrative requirements as detailed in the UDOT OCIP Manual and UDOT Construction Safety and Health Manual.

23. The Utah Department of Transportation will establish an OCIP Management Team consisting of members from the UDOT Project Team, Risk Management, the Contractor, the insurance provider and the OCIP Administrator. The team will partner and meet regularly to review general liability claims, worker's compensation, safety, property damage and customer concerns about legal liability. Trends reported and concerns addressed will be shared by all members in order to control and manage the OCIP.

UDOT Owner Controlled Insurance Program (OCIP) Safety Overview

The effectiveness of the Safety and Health Program will depend upon the active participation and personal cooperation of all. Project cooperation and coordination of efforts toward carrying out the overall safety responsibilities are needed for an effective program.

- Each Contractor shall be held responsible for its own and its Subcontractors compliance with the project safety requirements.
- Each Contractor and its Subcontractors shall establish and enforce an effective disciplinary program.
- Each Contractor and its Subcontractors shall designate an on the job safety Administrator. This may include a supervisor/foreman with safety knowledge. This will be UDOT's contact for safety concerns.
- All Contractors and Subcontractors supervision will need to attend S.S.T. (Supervisor Safety Training) produced by the insurance carrier, approximately a 3-hour course.
- All employees (Contractors, Subcontractors, Engineers, etc.) working on the job will need to attend a construction orientation produced by the insurance carrier, a video and 3-page job rules and questions. (Must be completed before beginning work on the site.)
- All employees (Contractors, Subcontractors, Engineers, etc.) working on the job shall have the proper Personal Protective Equipment for the job task they are performing. At the minimum a hard hat, safety glasses, safety vest, long pants, shirt with minimal 4-inch sleeve and work boots.
- All employees (Contractors, Subcontractors, Engineers, etc.) shall have the proper training for the job task they are performing (confined space, fall protection, powder actuated tools, traffic control, equipment operating, etc.).
- Each Contractor and its Subcontractors shall at a minimum conduct a weekly safety meeting with all employees.
- Each Contractor and its Subcontractors shall assure that a qualified "Competent Person" is provided at work locations where required by OSHA.
- Each Contractor and its Subcontractors shall assure that all applicable forms (confined space permit, hot work permit, lock out/tag out, critical lift checklist, JSA, excavation permit, etc.) are provided at work locations where required by OSHA.
- Each Contractor and Subcontractor shall adhere to a 100% drug/alcohol free work zone. At a minimum a pre-employment and post accident testing is required. The Contractor will bear the cost or expenses associated with pre-employment testing. The Insurance Carrier will bear the cost of the post accident testing.

This is a brief overview of the UDOT Construction Safety and Health Manual. In the event of a conflict between the provisions of this overview, the OCIP manual and applicable local, State or federal safety and health laws, regulations and/or standards, contract documents or the Contractor's Safety Plan, the more stringent shall apply.

APPENDIX A

Designated Workplaces Exclusion Endorsement

Original Printing

Effective April 1, 1984

WC 00 03 02 Standard

DESIGNATED WORKPLACES EXCLUSION ENDORSEMENT

**The policy does not cover work conducted at or
from _____**

Source: Designated Workplaces Exclusion Endorsement, [WC 00 03 02](#), National Council on Compensation Insurance, Effective April 1, 1984.

This endorsement excludes from coverage injuries incurred at workplaces described in the endorsement. It is often used when the insured is a contractor who is working on a large construction project subject to a wrap-up plan, a single consolidated insurance plan covering all parties to a construction contract. It may also be used when the employer has more than one workers compensation policy to exclude workplaces covered under the other policy; in such cases the endorsement would be filled out with a notation such as "any workplace covered by policy # _____ issued by _____ Insurance Company."

APPENDIX B

**COMMERCIAL
GENERAL LIABILITY
CG 21 54 01 96**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION – DESIGNATED OPERATIONS COVERED BY A CONSOLIDATED (WRAP-UP) INSURANCE PROGRAM

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Description and Location of Operation(s) : (list the OCIP project you are working on)

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

The following exclusion is added to paragraph **2.**, Exclusions of COVERAGE A – BODILY INJURY AND PROPERTY DAMAGE LIABILITY (Section **I** – Coverages) :

This insurance does not apply to "bodily injury" or "property damage" arising out of either your ongoing operations or operations included within the "products-completed operations hazard" at the location described in the Schedule of this endorsement, as a consolidated (wrap-up) insurance program has been provided by the prime contractor/project manager or owner of the construction project in which you are involved.

This exclusion applies whether or not the consolidated (wrap-up) insurance program:

- (1) Provides coverage identical to that provided by this Coverage Part;
- (2) Has limits adequate to cover all claims; or
- (3) Remains in effect.

UDOT OCIP Enrollment Form

PROJECT INFORMATION

Project Name _____
Awarding Contractor _____ Prime Contractor: _____
Type of work to be done _____
Start Date: _____ End Date _____

CONTRACTOR INFORMATION

Your Company Name _____ Indv ____ Ptshp ____ Corp ____ J/V ____
Your Company's **Federal Employer Identification Number:** _____
Does your company fall under: _____ MBE _____ WBE _____ DBE
Your Address: _____
Office Contact: _____ Phone: _____ Fax: _____ Email: _____
Site Contact: _____ Phone: _____ Fax: _____
Safety Contact: _____ Phone: _____ Fax: _____
Payroll Contact: _____ Phone: _____ Fax: _____ Email: _____

CONTRACT INFORMATION

Contract Value \$ _____ **UDOT Project Number:** _____
Estimated Project Payroll _____ Job class codes: _____
% Self Performed Work _____ % Subcontracted Work _____ Estimated # of Subcontractors _____

CURRENT INSURANCE INFORMATION

Contractor's Worker's Compensation & General Liability Insurance Broker or Agent:
Company Name: _____ Contact: _____
City: _____ Phone: _____ (____)

Certificate of Insurance including wording as required by contract must accompany this form.

This form must be submitted to the UDOT Resident Engineer

This enrollment form must be received PRIOR to starting work on the Project.